

This Appendix contains a summary of the main provisions in our Articles of Association. The principal objective is to provide potential investors with an overview of our Articles of Association. As the information contained below is only a summary form, it does not contain all the information that may be important to potential investors. A copy of the full Chinese text of the Articles of Association is available for inspection as mentioned in "Appendix XI — Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection."

The Articles of Association and relevant amendments thereto were adopted or authorized by the shareholders in general shareholders' meetings in accordance with applicable laws and regulations, including the *PRC Company Law*, the *Securities Law of the PRC*, the *Opinion Letter Regarding Supplementary Amendments to Articles of Association of Companies Limited by Shares Seeking Listing in Hong Kong*, the *Special Regulations*, the *Mandatory Provisions* and the *Hong Kong Listing Rules*.

Directors and Other Officers

Power to allot and issue shares

There is no provision in the Articles of Association empowering the Directors to allot and issue Shares.

To increase the capital of the Company, the Board is responsible for formulating proposals for approval at a shareholders' general meeting by way of special resolution.

Power to dispose of the fixed assets of the Company or any subsidiary

The Board is accountable to the shareholders' general meeting.

When the Board is disposing the Company's fixed asset, it shall not, without the prior approval or consent of shareholders' general meeting, dispose or agree to dispose of, any fixed assets of the Company where the anticipated value of the assets to be disposed, together with the value of fixed assets that have been disposed in the period of four months immediately preceding the proposed disposition, exceeds 33% of the value of the Company's fixed assets as shown in the last balance sheet reviewed by the shareholders' general meeting.

The validity of a disposition transaction by the Company of fixed assets shall not be affected by the breach of the above paragraph.

For the purposes of the Articles of Association, a disposition of fixed assets includes certain acts of transfer of interests in assets but does not include the provision of fixed assets as security.

Emoluments and compensation or payments for loss of office

The Company shall, with the prior approval of shareholders' general meeting, enter into a contract in writing with each of the Directors and Supervisors wherein his emoluments are stipulated. The aforesaid emoluments include:

- (1) emoluments in respect of his service as a Director, Supervisor or senior executive officer of the Company;
- (2) emoluments in respect of his service as a Director, Supervisor or senior executive officer of any subsidiary of the Company;
- (3) emoluments in respect of other service in relation to the management of the Company and any subsidiary of the Company; and
- (4) payment by way of compensation for loss of office or retirement from office of a Director or Supervisors.

Except under the contract in accordance with the foregoing, no proceedings may be brought by a Director and Supervisor against the Company for any benefit due to him in respect of the above matters.

The contracts concerning the emoluments between the Company and its Directors or Supervisors shall provide that, when an acquisition of the Company is about to happen, the Directors and Supervisors shall, subject to the prior approval of the shareholders' general meeting, have the right to receive compensation or other payment in respect of his loss of office or retirement. The "acquisition of the Company" referred in this paragraph means either:

- (1) an offer made by any person to all shareholders; or
- (2) an offer made by any person with a view to the offeror becoming a "controlling shareholder" within the meaning set out in the Articles of Association (see the section headed "Rights of the Minorities in Relation to Fraud or Oppression" below).

If the relevant Director or Supervisor does not comply with the above, any sum so received by him shall belong to those persons who have sold their Shares as a result of the offer made. The expenses incurred in distributing such sum pro rata shall be borne by the relevant Director or Supervisor and not paid out of that sum.

Loans or Guarantees of Loans to Directors, Supervisors, other senior executive officers and/or their associates

The Company shall not directly or indirectly make a loan to, or provide any guarantee in connection with the making of a loan to a Director, Supervisor, Manager and other senior executive officer of the Company and of the Company's parent company. The Company shall not make a loan to, or provide any guarantee in connection with the making of a loan to an associate of the aforesaid parties. However, the following situations are not subject to such prohibition:

- the provision by the Company of a loan or a guarantee of a loan to a company which is a subsidiary of the Company;
- the provision by the Company of a loan or a guarantee in connection with the making of a loan or any other funds to a Director, Supervisor, Manager and other senior executive officer for him to pay for expenditure incurred by him for the purposes of the Company or for the purpose of enabling him to perform his duties, in accordance with the terms of an employment contract approved by the shareholders' general meeting; and
- the Company may make a loan to or provide a guarantee in connection with the making of a loan to any of the relevant Directors, Supervisors, Manager and other senior executive officers on normal commercial terms, provided that the ordinary course of business of the Company includes the lending of money or the giving of guarantees.

A loan made by the Company in breach of the above provisions shall be forthwith repayable by the recipient of the payment regardless of the terms of the loan.

A guarantee provided by the Company in breach of the above provisions shall be unenforceable against the Company, but except in the following situations:

1. the loan was provided to an associate of any of the Directors, Supervisors, Manager and other senior executive officers of the Company or of the Company's parent company and at the time the loan was advanced the lender did not know the relevant circumstances; or
2. the collateral provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser. For these purposes, a guarantee includes an undertaking or property provided to secure the performance of obligations by the obligor.

Financial assistance for the acquisition of shares in the Company or any subsidiary

Subject to the exceptions in the Articles of Association, the Company and its subsidiaries shall not, by any means at any time, provide any kind of financial assistance (as defined below) to a person who is acquiring or is proposing to acquire shares of the Company. The said acquirer of shares of the Company includes a person who directly or indirectly assumes any obligations (as defined below) due to the acquisition of the shares; the Company and its subsidiaries shall not, by any means at any time, provide financial assistance to the said acquirer as referred to above for the purpose of reducing or discharging the obligations assumed by that person.

The following conducts shall not be deemed to be prohibited conducts as referred to in the paragraphs above:

- the provision of financial assistance by the Company where the financial assistance is given honestly in the interest of the Company, and the principal purpose in giving the financial assistance is not for the acquisition of shares in the Company, or the giving of the financial assistance is an incidental part of some larger plans of the Company;
- the distribution of the Company's assets by way of dividend in accordance with laws;
- the allotment of bonus shares as shares;
- a reduction of registered capital, a repurchase of shares of the Company or an adjustment of the share capital structure of the Company effected in accordance with the Articles of Association;
- the lending of money by the Company for its normal business activities within the scope of business (however, the net assets of the Company shall not be thereby reduced; or, even if the assets were thereby reduced, the financial assistance is however provided out of distributable profits); and
- the provision of money by the Company for contributions to staff and workers' shares schemes (however, the net assets of the Company shall not be thereby reduced; or, even if the assets were thereby reduced, the financial assistance is however provided out of distributable profits).

For these purposes:

(a) "Financial assistance" includes (without limitation) the following means:

- (1) gift;
- (2) guarantee (including the assumption of liability by the guarantor or the provision of assets by the guarantor to secure the performance of obligations by the obligor), or compensation (other than compensation caused by the Company's own default) or release or waiver of rights;
- (3) provision of a loan or entering into a contract under which the obligations of the Company are to be fulfilled before the obligations of another party, or a change in the parties to, or the assignment of rights arising under, such loan or agreement; or
- (4) any other form of financial assistance given by the Company when the Company is unable to pay its debts or has no net assets or when its net assets would thereby be reduced to a material extent.

(b) "Assuming an obligation" includes obligations assumed by the obligor that change its financial position by way of contract or the making of an arrangement (whether enforceable or not, and whether made on its own account or with any other persons), or by any other means.

Disclosure of interests in contracts, transactions or arrangements with the Company

Where a Director, Supervisor, Manager or other senior executive officer of the Company is directly or indirectly materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company (other than the employment contracts the Company entered into with its Directors, Supervisors, Manager and other senior executive officers), he shall declare the nature and extent of his interests to the Board at the earliest opportunity, whether or not the contract, transaction or arrangement or proposal therefore is otherwise subject to the approval of the Board under normal circumstances.

A Director shall not vote on a board resolution that approves a contract, transaction, arrangement or any other proposals in which he or his associate (refer to the definition in applicable securities listing requirements from time to time) is materially interested; the relevant director shall refrain from voting and not be counted in the quorum for the meeting. Unless the interested Director, Supervisor, Manager or other senior executive officer discloses his interests to the Board in accordance with the aforesaid provisions and the Board approved that matter at a meeting in which the interested person is not counted in the quorum and refrains from voting, the Company has a right to void the contract, transaction or arrangement, except as against a bona fide party thereto acting without notice of the breach of duty by the interested Director, Supervisor, Manager or other senior executive officer.

A Director, Supervisor, Manager or other senior executive officer of the Company is deemed to be materially interested in a contract, transaction or arrangement in which an associate of his/hers is materially interested.

Where a Director, Supervisor, Manager or other senior executive officer of the Company gives to the Board a notice in writing stating that, by reason of the content specified in the notice, he is interested in contracts, transactions or arrangements of any description, which may subsequently be made by the Company, such notice shall be deemed for the purposes of this paragraph to be a sufficient declaration of his interests, so far as the content stated in such notice is concerned, provided that such general notice shall have been given before the date on which the question of entering into the relevant contract, transaction or arrangement is first taken into consideration on behalf of the Company.

Remuneration

The remuneration of Directors must be approved by the shareholders' general meeting, as referred to under the section headed "Emoluments and Compensation or Payments for Loss of Office" above.

Appointment, removal and retirement

Directors shall be elected by the shareholders' general meeting with a three-year term of office. Upon the expiration of a director's term of appointment, he may be re-elected and re-appointed.

Provided that relevant laws and administrative regulations have been complied with, the Shareholders' general meeting may remove any of its directors whose term of office may not expire from office by way of an ordinary resolution; the removal of an independent Director must be subject to relevant rules (but it will not affect any claim for damages that may arise from any contract).

A written notice of the intention to nominate a person for election as a director and a notice in writing by that person indicating his acceptance of such election is required to be given to the Company seven days prior to the day of meeting. The period for such nomination and such acceptance shall be not less than seven days (the beginning date of the seven-day notice period shall be not earlier than the second day after the notice of designed meeting of the nomination is dispatched and the ending date shall be not later than seven days before the shareholders' general meeting is convened).

The Board shall consist of 11 Directors, of which seven shall be Directors with four independent Directors. The Board shall have one chairman. The chairman and vice-chairman shall be elected and removed by more than half of all of the Directors. A Director is not required to hold shares of the Company.

A person may not serve as a Director, Supervisor, Manager or any other senior executive officer of the Company if any of the following circumstances apply:

- a person without or with restricted civil capacity;
- a person who has committed an offence of corruption, bribery, infringement of property, misappropriation of property or sabotaging the social economic order and has been punished because of committing such offence; or who has been deprived of his political rights, in each case where no more than five years has elapsed since the date of the completion of implementation of such punishment or deprivation;
- a person who is a former director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation because of mismanagement and he is personally liable for the insolvency of such company or enterprise, where no more than three years has elapsed since the date of the completion of the insolvency and liquidation of such company or enterprise;
- a person who is a legal representative of a company or enterprise which had its business license revoked due to a violation of the law and who incurred personal liability, where no more than three years has elapsed since the date of the revocation of the business license;
- a person who has a relatively large amount of debts due and outstanding;
- a person who is penalized by the China securities regulatory authority by being denied access to the securities market and the penalty remains in effect;
- a person who is under criminal investigation by judicial organization for violation of the criminal law which investigation is not yet concluded;
- a person who is not eligible for enterprise leadership according to laws and administrative regulations;
- a non-natural person;
- a person convicted of the contravention of provisions of relevant securities regulations by a relevant governing authority, and such conviction involves fraudulent or dishonest conduct, where less than five years has elapsed since the date of the conviction; or
- any other person who is otherwise not eligible under laws or rules set out by the securities regulatory bodies or stock exchanges on which Shares of the Company are listed.

The election, appointment or delegation of Directors in violation of the aforesaid provisions shall be null and void. Directors committing the above during his term of office shall be released of his duties by the Company.

There is no provision in the Articles of Association that imposes any age limit for Directors beyond which retirement of a Director is mandatory.

The validity of an act of a Director, a manager or other senior executive officer on behalf of the Company is not, vis-a-vis a bona fide third party, affected by any irregularity in his office, election or any defect in his qualification.

Borrowing powers

The Articles of Association do not contain any specific provision in respect of the manner in which borrowing powers may be exercised by the Directors nor do they contain any specific provision in respect of the manner in which such powers may be varied, other than: (a) provisions which give the Board the power to formulate proposals for the issuance of debentures by the Company; and (b) provisions which provide that the issuance of debentures must be approved by the shareholders' general meeting by way of a special resolution.

Duties

In addition to obligations imposed by laws, administrative regulations or required by listing rules of the stock exchanges on which Shares are listed, each of the Company's Directors, Supervisors, Managers and other senior executive officers owes a duty to each shareholder, in the exercise of the functions and powers of the Company entrusted to him:

- not to cause the Company to exceed the scope of the business stipulated in its business license;
- to act honestly in the best interest of our Company;
- not to expropriate in any guise the Company's property, including (without limitation) usurpation of opportunities advantageous to the Company; and
- not to expropriate the individual rights of shareholders, including (without limitation) rights to distribution and voting rights, save pursuant to a restructuring of the Company submitted to shareholders' general meeting for approval in accordance with the Articles of Association.

Any liabilities of the Directors, Supervisors, Manager or other senior executive officers arising from violation of certain specific obligations may be released when the Shareholders' general meeting is informed, except in the aforesaid situations.

Each of the Company's Directors, Supervisors, Managers and other senior executive officers owes a duty, in the exercise of his powers and discharge of his duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Each of the Company's Directors, Supervisors, Managers and other senior executive officers shall carry on his duties in accordance with the principle of fiduciary and shall not put himself in a position where his duty and his interest may conflict. This principle includes (without limitation) discharging the following obligations:

- to act honestly in the best interests of the Company;
- to exercise powers within the scope of his powers and not to exceed those powers;
- to exercise the discretion vested in him personally and not to allow himself to act under the control of another and, unless and to the extent permitted by laws, administrative regulations or with the informed consent of shareholders' general meeting, not to delegate the exercise of his discretion;
- to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- except in accordance with the Articles of Association or with the informed consent of shareholders' general meeting, not to enter into any contract, transaction or arrangement with the Company;
- without the informed consent of shareholders' general meeting, not to use the Company's property by any means for his own benefit;
- not to exploit his position to accept bribes or other illegal income or expropriate the Company's property by any means, including (without limitation) opportunities advantageous to the Company;
- without the informed consent of shareholders' general meeting, not to accept commissions in connection with the Company's transactions;
- to abide by the Articles of Association, faithfully execute his duties and protect the Company's interests, and not to exploit his position and power in the Company to advance his own private interests;
- not to compete with the Company in any form unless with the informed consent of shareholders' general meeting;
- not to misappropriate the Company's funds or lend such funds to others, not to open accounts in his own name or other names for the deposit of the Company's assets and not to provide a guarantee for debts of a shareholder of the Company or other individual(s) with the Company's assets; and

- unless otherwise permitted by informed shareholders' general meeting, to keep in confidential information acquired by him in the course of and during his tenure and not to use the information other than in furtherance of the interests of the Company, save that disclosure of such information to the court or other governmental authorities is permitted if: (i) disclosure is required under law; (ii) the interests of the public require disclosure; (iii) the interests of the relevant Director, Supervisor, Manager or other senior executive officers require disclosure.

Each Director, Supervisor, Manager or other senior executive officer of the Company shall not cause the following persons or institutions ("associates") to do what he is prohibited from doing:

- (1) the spouse or minor child of that Director, Supervisor, Manager or other senior executive officers;
- (2) the trustee of that Director, Supervisor, Manager or other senior executive officers or any person referred to in the preceding paragraph;
- (3) the partner of that Director, Supervisor, Manager or other senior executive officers or any person referred to in paragraphs (1) and (2) above;
- (4) a company in which that Director, Supervisor, Manager or other senior executive officer, alone or jointly with any person(s) referred to in paragraphs (1), (2) and (3) above; and other Directors, Supervisors, Manager and other senior executive officers have a de facto controlling interest;
- (5) the directors, supervisors, manager and other senior executive officers of the controlled company referred to in the preceding paragraph.

The fiduciary duties of the Directors, Supervisors, Managers and other senior executive officers of the Company do not necessarily cease with the termination of their tenure. The duty of confidence in relation to trade secrets of the Company survives the termination of their tenure. Other duties may continue for such period as fairness may require depending on the time lapse between the termination and the act concerned and any circumstance and condition under which the relationships between them and the Company are terminated.

In addition to any rights and remedies provided by the laws and administrative regulations, where a Director, Supervisor, Manager or other senior executive officer of the Company is in breach of his duties to the Company, the Company has a right to adopt the following measures:

- claim damages from the Director, Supervisor, Manager or other senior executive officer in compensation for losses sustained by the Company as a result of such a breach of duties;
- rescind any contract or transaction entered into by the Company with relevant Director, Supervisor, Manager or other senior executive officer or with a third party (where such third party knows or should know that there is such a breach of duties by such Director, Supervisor, Manager or other senior executive officer);
- demand an account of the profits made by the Director, Supervisor, Manager or other senior executive officer in breach of his duties;
- recover any funds received by the Director, Supervisor, Manager or other senior executive officer that should have been received by the Company, including (without limitation) commissions; and
- demand payment of the interest earned or which may have been earned by the Director, Supervisor, Manager or other senior executive officer on the funds that should have been paid to the Company.

Alterations to Constitutional Documents

The Company may amend its Articles of Association in accordance with the requirements of law, administrative regulation and the Articles of Association.

Any alteration or rectification to the Articles of Association resolved by the Shareholders' general meeting subject to approvals of the authorities shall be approved by the original authorities. Where the amendment of the Articles of Association involves our registration, it shall be necessary to carry out the lawfully prescribed procedures for registration change.

Variation of Rights of Existing Shares or Classes of Shares

Holders of Domestic Shares and holders of overseas listed foreign Shares of the Company shall be considered as different classes of shareholders. Rights conferred on any class of shareholders in the capacity of shareholders excluding other classes of Shareholders, which include holders of non-listed foreign-invested shares (holders of domestic-invested shares and B shares inclusive) ("class rights") may not be varied or abrogated unless approved by a special resolution of shareholders' general meeting and by holders of Shares of that class at a separate meeting conducted in accordance with the Articles of Association.

The following circumstances shall be deemed to be a variation or abrogation of the class rights of a class of shareholders:

- (1) to increase or decrease the number of Shares of such class, or to increase or decrease the number of Shares of a class having voting or equity rights or any other privileges equal or superior to those of the Shares of such class;
- (2) to effect an exchange of all or part of the Shares of such class into Shares of another class or to effect an exchange or grant a right of exchange of all or part of the Shares of another class into the Shares of such class;
- (3) to remove or reduce rights to accrued dividends or rights to cumulative dividends attached to Shares of such class;
- (4) to reduce or remove a dividend preference or a liquidation preference attached to Shares of such class;
- (5) to add, remove or reduce conversion privileges, options, voting rights, transfer or pre-emptive rights, or rights to obtain securities of the Company;
- (6) to remove or reduce rights to receive payment payable by the Company in particular currencies attached to Shares of such class;
- (7) to create a new class of Shares having voting or equity rights or privileges equal or superior to those of the Shares of such class;
- (8) to restrict the transfer or ownership of the Shares of such class or add to such restriction;
- (9) to issue rights to subscribe for, or convert into, shares of such class or another class;
- (10) to increase the rights and privileges of Shares of another class;
- (11) to restructure the Company where the proposed restructuring will result in different classes of shareholders bearing a disproportionate burden of proposed of the Company;
- (12) to vary or abrogate provisions set out in Chapter 9 of the Articles of Association.

Shareholders of the affected class, whether or not otherwise having the right to vote at shareholders' general meetings, shall nevertheless have the right to vote at class meetings in respect of matters concerning paragraphs (2) to (8), (11) and (12) above, but interested shareholder(s) (as defined below) shall not be entitled to vote at class meetings.

Resolutions of a class of shareholders shall be made only if it has been passed by votes representing more than two-thirds of the voting rights of shareholders represented at the class meeting who are entitled to vote at class meeting.

Written notice of a class meeting shall be given 45 days before the date of the class meeting to notify all of the shareholders in the share register of the class of the matters proposed to be considered in the class meeting and the date and the place of the class meeting. A shareholder who intends to attend the class meeting shall deliver his written reply concerning attendance at the class meeting to the Company 20 days before the date of the class meeting. When the Company calculates the above period, it shall not include the day when the meeting is convened.

If the number of Shares carrying voting rights at the meeting represented by the shareholders who intend to attend the class meeting reaches one half or more of the voting Shares of such class at the class meeting, the Company may hold the class meeting; if not, the Company shall within five days notify the shareholders of the class, again by public notice, of the matters proposed to be considered, the date and the place for the class meeting. The Company may then hold the class meeting after publication of such notice. If the region in which Shares of the Company are listed has other specific requirements in respect of public listing, they shall be complied with.

Notice of class meetings need only be served on shareholders entitled to vote thereat.

Meetings of any class of shareholders shall be conducted in procedures as similar as possible to those of general meetings of shareholders. The provisions of the Articles of Association relating to the procedures of conducting shareholders' general meeting shall apply to the meeting of a class of shareholders.

The special procedures for voting at a class of shareholders shall not apply in the following circumstances:

- (1) where the Company issues, upon the approval by a special resolution of its shareholders' general meeting, either separately or concurrently once every 12 months, not more than 20% of each of its existing issued domestic-invested Shares and overseas-listed foreign-invested Shares;
- (2) where the Company's plan to issue domestic-invested Shares and overseas-listed foreign-invested Shares at the time of its establishment is carried out within 15 months from the date of approval of China Securities Regulatory Commission; or
- (3) where upon the approval from the relevant China securities regulatory authority, the domestic shareholders of the company transfer the domestic shares held thereby to overseas investors and such transferred shares are listed and traded overseas.

For the purposes of the class rights provisions of the Articles of Association, the meaning of "interested shareholder(s)" is as following:

- (1) in the case of a repurchase of Shares by offers to all shareholders pro rata in accordance with the Section 4.04 of the Articles of Associations, or public dealing on a stock exchange, a "materially interested shareholder" means a "controlling shareholder" within the meaning of the Articles of Association;
- (2) in the case of a repurchase of Shares by an off-market agreement in accordance with the Section 4.04 of the Articles of Associations, a "materially interested shareholder" means a holder of the Shares to which the proposed agreement relates; and
- (3) in the case of a restructuring of the Company, a "materially interested shareholder" means a shareholder within a class who bears less than a proportionate burden imposed on that class under the proposed restructuring plan or who has an interest different from the interest of shareholders of that class.

Resolutions — Majority Required

Resolutions of shareholders' general meetings shall be divided into ordinary resolutions and special resolutions.

To adopt an ordinary resolution by a shareholders' general meeting, more than half of the voting rights represented by the shareholders (including proxies of shareholders) present at the meeting shall be exercised to pass the resolution.

To adopt a special resolution by a shareholders' general meeting, more than two-thirds of the voting rights represented by the shareholders (including proxies of shareholders) present at the meeting shall be exercised to pass the resolution.

Voting Rights (generally, on a poll and right to demand a poll)

The ordinary shareholders of the Company have the right to attend or appoint a proxy to attend shareholders' general meetings and to vote thereat. A shareholder (including proxy) when voting at a shareholders' general meeting may exercise voting rights in accordance with the number of shares carrying the right to vote and each share shall have one vote. At any general meeting of shareholders a resolution shall be decided on a show of hands, unless before or after any vote by show of hands, a poll is demanded by the following persons:

- by the chairperson of the meeting;
- by at least two shareholders entitled to vote or proxies of such shareholders; or
- by one or more shareholders (including proxies of such shareholders) who individually or collectively representing more than 10% (including 10%) of shares carrying the right to vote at the meeting.

Unless a poll be so demanded by some person, a declaration by the chairperson that a resolution has on a show of hands been carried out and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favor of or against such resolution. The demand for a poll may be withdrawn by the person who makes such demand.

A poll demanded on the election of the chairperson of the meeting, or on a question of adjournment of the meeting, shall be taken forthwith. A poll demanded on any other questions shall be taken at such time as the chairperson of the meeting directs, and any business, other than that upon which a poll has been demanded may be proceeded with. The result of the poll shall be deemed to be a resolution of the meeting at which the poll was demanded.

On a poll, a shareholder (including proxies of shareholders) entitled to two or more votes need not cast all his votes in the same way.

In the case of an equality of votes, whether on a show of hands or on a poll, the chairperson of the meeting shall be entitled to one additional vote.

Requirements for Annual General Meetings

The Board shall convene an annual shareholders' meeting once each year and within six months from the close of the preceding financial year.

Accounts and Audit

The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and PRC accounting standards formulated by the finance regulatory department of the State Council.

The Board shall place before the shareholders at every annual general meeting such financial reports as are required by any laws, administrative regulations or directive documents promulgated by regional government and competent authorities to be prepared by the Company. Such financial reports shall be verified by an accounting firm.

The Company's financial reports shall be made available for shareholders' inspection at the Company 20 days before the date of every shareholders' annual general meeting. Each shareholder of the Company shall be entitled to obtain a copy of the financial reports that are referred in the Articles of Association. The Company shall send the aforesaid financial reports to each of the overseas-listed foreign-invested shareholders by prepaid mail at least 21 days before the date of every shareholders' annual general meeting to their addresses as shown in the register of shareholders.

The financial reports shall be given in the form of an announcement (including through our Company website), provided that laws, administrative rules, regulations and the relevant provisions of the securities regulatory authority where the shares are listed have been conformed.

The financial statements of the Company shall, in addition to being prepared in accordance with PRC accounting standards and regulations, be prepared in accordance with either International Financial Reporting Standards, or that of the overseas place where the Company's shares are listed. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, such difference shall be stated in an appendix to the financial statements. When the Company is to distribute its after-tax profit of a financial year, it is required to make distributions based on the lower of the Company's after-tax profits determined under the two accounting standards.

Any interim results or financial information published or disclosed by the Company shall also be prepared and presented in accordance with PRC accounting standards and regulations, and also in accordance with either International Financial Reporting Standards or that of the overseas place where the Company's shares are listed.

Our Company shall submit the interim financial reports within two months of the ending date of the first six months of each accounting year, submit the annual accounting report within four months of the ending date of each accounting year and submit its quarterly financial reports within one month of the ending date of the first three months and the first nine months of each accounting year.

Notice of Meetings and Business to be Conducted thereat

The shareholders' general meeting is the organ of authority of the Company and shall exercise its functions and powers in accordance with law. Except where the Company is in extraordinary situations such as a crisis, the Company shall not, without the approval of shareholders' general meeting in the form of special resolutions, enter into any contract with any person other than a Director, Supervisor, Manager or other senior executive officer whereby the management of the whole or a substantial part of the business of the Company is to be handed over to such person to be in charge of. Shareholders' general meetings are divided into annual general meetings and extraordinary general meetings. Shareholders' general meeting shall be convened by the Board. Under any of the following circumstances, the Board shall convene an extraordinary general meeting within two months:

- when the number of Directors is less than the number required by the PRC Company Law or less than two-thirds of the number of Directors specified in the Articles of Association;
- when the unrecovered losses of the Company amount to one-third of the total amount of its share capital;
- when shareholder(s) holding more than 10% (including 10%, proxy exclusive) of the Company's issued and outstanding shares carrying voting rights request(s) in writing the convening of an extraordinary general meeting;
- when deemed necessary by the Board or as requested by the supervisory committee;
- when more than half of independent Directors agree upon a request made by independent Directors to convene an extraordinary general meeting; or
- any other circumstances described in laws, administrative regulations, rules or the Articles of Associations that require to convene an extraordinary general meeting.

When the Company convenes a Shareholders' general meeting, written notice of the meeting shall be given 45 days before the date of the meeting to notify all of the shareholders in the share register of the matters proposed to be considered and the date and the place of the meeting. When the Company calculates the period, it shall not include the day when the meeting is convened. A shareholder who intends to attend the meeting shall deliver his written reply concerning the attendance of the meeting to the Company 20 days before the date of the meeting.

When the Company convenes a Shareholders' annual general meeting, the Board, the supervisory committee or the shareholders who individually or collectively holds more than 3% of the total voting shares of the Company shall have the right to propose motions, and the Company shall place matters in the proposed motions within the scope of functions and powers of the shareholders' general meeting on the agenda.

Unless in the circumstance set out in the preceding paragraph, the convener, after sending out the public notice of shareholders' general meeting, shall not amend or add any new matter to those that have already been listed in the notice of meeting.

The Company shall, based on the written replies received 20 days before the date of the shareholders' general meeting, calculate the number of voting shares represented by shareholders who intend to attend the meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting reaches more than one half of the Company's total voting shares, the Company may hold the meeting. If not, then the Company shall within five days notify the shareholders again by public notice of the matters proposed to be considered, the place and the date for the meeting. The Company may hold the meeting after the publication of such notice.

A notice of meeting of shareholders shall comply with the following requirements:

- be made in writing;
- specify the place, the date and the hour of the meeting;
- state the matters to be discussed at the meeting;
- provide the shareholders with such information and explanations as are necessary for the shareholders to exercise an informed judgment on the proposals before them. It principally includes (but is not limited to), where a proposal is made to amalgamate the Company, to repurchase shares, to reorganize the share capital or to restructure the Company in any other way, the conditions of the proposed transaction must be provided in detail together with the proposed contract (if any), and the cause and consequence of such proposal must be properly explained;
- contain a disclosure of the nature and extent, if any, of the material interests of any Director, Supervisor, Manager or other senior executive officer in the transaction proposed and the effect of the proposed transaction on such Director, Supervisor, Manager or other senior executive officer in their capacity as shareholders in so far as it is different from the effect on the interests of the shareholders of the same class;
- contain the full text of any special resolution proposed to be voted at the meeting;
- contain conspicuously a statement that a shareholder entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him and that a proxy need not be a shareholder;
- specify the time and place for lodging proxy forms for the relevant meeting;
- list out the share registration date of shareholders who are entitled to attend the shareholders' general meeting;
- contain the names and phone numbers of the long-term contact persons for the meeting.

The aforesaid provisions are applicable to the notices for the Shareholders' general meeting held by the Supervisory Board or the Shareholders in accordance with the Articles of Association.

Notice of Shareholders' general meeting shall be served on the shareholders (whether or not entitled to vote at the meeting), by delivery or prepaid mail to their addresses as shown in the register of shareholders. The notice for the Shareholders' annual meeting shall be given in the form of an announcement, provided that laws, administrative rules, regulations and the relevant provisions of the securities regulatory authority where the shares are listed have been conformed.

The public notice shall be published in one or more newspapers designated by the China securities regulatory authority or in the form which is in conformity with laws, administrative rules, regulations and the relevant provisions of the securities regulatory authority where the shares are listed within an interval between 45 days and 50 days before the date of the meeting. After the publication of such notice, the shareholders shall be deemed to have received the notice of the relevant shareholders' general meeting.

The following matters shall be resolved by an ordinary resolution at a shareholders' general meeting:

- work reports of the Board and the supervisory committee;
- plans formulated by the Board for the distribution of profits and for making up losses;
- appointment and removal of the members of the Board and members of the supervisory committee, their remuneration and method of payment;
- annual preliminary and final budgets of the Company;
- the annual financial reports of the Company; and
- matters other than those required by the laws and administrative regulations or by the Articles of Association to be adopted by special resolution.

The following matters shall be resolved by a special resolution at a shareholders' general meeting:

- the increase or decrease of the registered capital;
- the issue of debentures of the Company;
- the division, merger, change of the corporate form, dissolution and liquidation of the Company;
- amendments to the Articles of Association;
- the repurchase of the Company's own shares;
- the external guarantees of our Company subject to deliberation and approval by the Shareholders' general meeting, except for the guarantees provided to the Shareholders, actual controlling persons and other related parties;
- the prices or amount of the transactions cumulated within 12 continuous months in relation to purchase or sale of the Company's assets that reach 30% of the total assets shown in the latest audit;
- the stock option incentive plans of the Company;
- any other matters set out in the Articles of Associations and considered by the shareholders' general meeting by way of an ordinary resolution that may have a material impact on the Company and should be adopted by a special resolution.

Transfer of Shares

Subject to the approval of the China securities regulatory authority Shares of the Company held on the Domestic Share register may be transferred to overseas investors, and such transferred Shares may be listed or traded on an overseas stock exchange. Any listing or trading of the transferred Shares on an overseas stock exchange shall also comply with the regulatory procedures, rules and requirements of such overseas stock exchange.

All the fully paid-up overseas-listed foreign-invested shares traded on the Hong Kong Stock Exchange can be freely transferred in accordance with the Articles of Association; but unless the requirements stipulated in the Articles of Association are met, the Board may refuse to accept any transfer documents without giving any explanation for such refusal.

The alteration or rectification of each part of the share register shall be carried out in accordance with the laws of the place where the register is maintained.

No changes in the shareholders' register due to the transfer of shares may be made within 30 days before the date of a shareholders' general meeting or within five days before the record date for the Company's distribution of dividends.

Power of the Company to Purchase its Own Shares

In accordance with the provisions of the Articles of Association, the Company may reduce its registered share capital. The Company may, with approval according to the procedures provided in the Articles of Association and subject to the approval of the relevant governing authority of the State, repurchase its issued shares under the following circumstances:

- cancellation of shares for the reduction of the Company's capital;
- merging with another company that holds shares in the Company;
- providing shares as award to staff and workers of the Company;
- requests from the shareholders who demand the Company to buy back their shares due to dissents to the resolution of merger or dissolution of the Company passed by the shareholders' general meeting;
- other circumstances permitted by laws and administrative regulations.

The Company may, with the approval of the relevant State governing authority, repurchase its shares, conducting the repurchase in one of the following ways:

- making an offer of repurchase to all of its shareholders on pro rata basis;
- repurchase shares through public dealing on a stock exchange;
- repurchase by an off-market agreement; or
- other methods permitted by China securities regulatory authority.

Where the Company repurchases its shares by an off-market agreement, the prior approval by the shareholders' general meeting shall be obtained in accordance with the Articles of Association. The Company may, with the prior approval of the shareholders' general meeting obtained in the same manner, revoke or vary a contract so entered into by the Company in the aforesaid way, or waive its rights under such contract.

A contract to repurchase shares includes (without limitation) an agreement to become obliged to repurchase or an acquisition of the right to repurchase shares. The Company shall not assign the contracts to repurchase shares and its rights under such contracts.

Shares repurchased in accordance with law by the Company shall be cancelled within the period prescribed by laws and administrative regulations, and the Company shall apply to the original companies registration authority for registration of the change of its registered shares capital. The amount of the Company's registered shares capital shall be reduced by the par value of those cancelled shares.

Unless the Company is in the course of liquidation, it must comply with the following provisions in relation to repurchase of its issued Shares:

- where the Company repurchases Shares of the Company at par value, payment shall be made out of book surplus distributable profits of the Company and proceeds of a fresh issue of Shares made for that purpose;
- where the Company repurchases Shares of the Company at a premium to its par value, payment up to the par value shall be made out of the book surplus distributable profits of the Company and the proceeds of a fresh issue of Shares made for that purpose. Payment of the portion in excess of the par value shall be effected as follows: (i) if the Shares being repurchased were issued at par value, payment shall be made out of the book surplus distributable profits of the Company; or (ii) if the Shares being repurchased were issued at a premium to its par value, payment shall be made out of the book surplus distributable profits of the Company and the proceeds of a fresh issue of Shares made for that purpose, provided that the amount paid out of the proceed of the fresh issue shall not exceed the aggregate of premiums received by the Company on the issue of the old Shares repurchased nor the amount of the Company's share premium account at the time of the repurchase (or of the capital reserve account) (including the premiums on the fresh issue);
- payment by the Company in consideration of the following shall be made out of the Company's distributable profits: (i) acquisition of rights to repurchase Shares of the Company; (ii) variation of any contract to repurchase Shares of the Company; and (iii) release of any of the Company's obligations under any contract to repurchase Shares of the Company; and
- after the Company's registered share capital has been reduced by the total par value of the cancelled Shares in accordance with the relevant provisions, the amount deducted from the distributable profits of the Company for payment of the par value portion of the Shares repurchased shall be recorded to the Company's share premium account (or the capital reserve account).

Power for any Subsidiary of the Company to Own Shares in the Company

There are no provisions in the Articles of Association preventing ownership of Shares in the Company by a subsidiary.

Dividends and Other Methods of Profits Distribution

The Company may distribute dividends in the following manner:

- cash; or
- Stock.

Dividends declared by the Company to be payable to holders of domestic-invested shares shall be declared in Renminbi, and paid in Renminbi. Those payable to holders of domestic listed foreign-invested Shares shall be declared in Renminbi, and paid in U.S. Dollar. Those payable to holders of H shares shall be declared in Renminbi, and paid in HKD.

The Company shall appoint receiving agents on behalf of holders of overseas-listed foreign-invested Shares. The receiving agents shall receive on behalf of such shareholders dividends distributed and all other monies owing by the Company in respect of their overseas-listed foreign-invested Shares. The appointment of such receiving agents shall comply with laws or relevant rules required by the stock exchange on which the shares are listed. The receiving agents appointed by the Company on behalf of holders of the overseas-listed foreign-invested Shares traded on the Hong Kong stock exchange shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

The Company may exercise the power to revert unclaimed dividends to the Company in accordance with relevant PRC laws and regulations and rules imposed by the Hong Kong Stock Exchange, but such power

should not be exercised until the relevant applicable period has expired. The Company may stop sending dividend cheques by mail to certain holders of the overseas-listed foreign-invested Shares who failed to withdraw two successive dividend cheques or to whom the initial dividend cheques could not be delivered and bounced.

The Company is entitled to sell the Shares held by holders of the overseas-listed foreign-invested Shares in a reasonable manner according to the opinions of the Board when such holders could not be reached, but subject to the following conditions: dividends have been distributed on such Shares at least three times within 12 years, provided that no one has ever claimed those dividends within that 12-year period; in addition to the above, the Company, after the expiration of 12 years, published a notice on one or more newspapers of the place where the Shares were listed, stating its intention to sell the Shares, and informed the stock exchange on which such Shares were listed.

Proxies

Any shareholder entitled to attend and vote at a meeting of the shareholders shall be entitled to appoint one or more other persons (whether a shareholder or not) as his proxies to attend and vote on his behalf, and a proxy so appointed shall:

- have the right as the shareholder to speak at the meeting;
- have authority to demand or join in demanding a poll; and
- have the right to vote by hand or on a poll, but if a shareholder has appointed more than one proxies, those proxies may only vote on a poll.

If the Shareholder is a legal entity, its legal representative or such person as is authorized by resolution of its Board or other governing body to act as its representative may attend at the meetings of shareholders of the Company as a representative of the Shareholder. If it is the legal representative who attends the meeting, he should produce his own Identity Card, stock account card and any certificate that could prove his identity as a legal representative and the stock certificate; if it is the appointed proxy who attends the meeting, he should produce his own Identity Card, the instrument of proxy issued by the legal representative of the Shareholder entity in writing in accordance with law, stock account card and the stock certificate. The instrument appointing a voting proxy shall be deposited at the residence of the Company or at such other place as specified for that purpose in notice convening the meeting, not less than 24 hours before the time for holding the meeting at which the proxy proposes to vote or the time appointed for the passing of the resolution. If the instrument appointing a voting proxy is signed by a person under a power of attorney or other authority on behalf of the appointer, a notary certified copy of that power of attorney or other authority, shall be deposited at the residence of the Company or at such other place as is specified for that purpose in the notice convening the meeting.

Any form issued to a shareholder by the Board of the Company for use by him for appointing a shareholder proxy shall be such as to enable the shareholder according to his intention, to instruct the proxy to vote in favor of or against each resolution at the meeting. Such a form shall contain a statement that in the absence of instructions by the shareholder the proxy may vote as he thinks fit.

A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or loss of capacity of the appointer or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the relevant shares, provided that no notice in writing of such affairs as aforesaid shall have been received by the Company before the commencement of the relevant meeting at which proxy is used.

Calls on Shares and Forfeiture of Shares

There are no provisions in the Articles of Association relating to the making of calls on Shares or for the forfeiture of Shares.

Rights of Shareholders (including inspection of register)

The ordinary shareholders of the Company shall enjoy the following rights:

- the right to dividends and other distributions in proportion to the number of Shares held;
- to request, convene, preside over, participate in, or appoint a shareholder proxy by law to participate in and exercise corresponding voting rights at the Shareholders' general meeting;
- the right of supervisory management over the Company's business operations, and the rights to present proposals or to raise enquires;
- to transfer, gift or pledge the shares held according to the provisions of the laws, administrative rules and the Articles of Association;
- the right to obtain relevant information in accordance with the provisions of the Articles of Association, including: (i) the right to obtain a copy of the Articles of Association, subject to payment of the cost of such copy; (ii) the right to inspect and copy, subject to payment of a reasonable charge: (a) all parts of the register of shareholders; (b) personal particulars of each of the Directors, Supervisors, Manager and other senior executive officers as follows: (1) present name and alias and any former name and alias; (2) principal address (residence); (3) nationality; (4) primary and all other part-time occupations; and (5) identification document and its number; (c) report on the state of the Company's share capital; (d) the latest audited financial reports of the Company, and the reports of the Board, auditor and Supervisor; (e) the Special Resolutions of the Company; (f) reports showing the aggregate par value, quantity, maximum and minimum price paid in respect of each class of Shares repurchased by the Company since the end of the last accounting year and the aggregate amount incurred by the Company for this purpose; (g) a copy of the latest annual quality report that has been submitted to the State Administration for Industry and Commerce or has filed with other governing authorities; and (h) minutes of shareholders' general meetings;
- in the event of the termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company in accordance with the number of Shares held;
- to request our Company to purchase Shares of Shareholders objecting to a resolution adopted at the Shareholders general meeting concerning the merger or separation of our Company; and
- other rights conferred by laws, administrative regulations and the Articles of Association.

Quorum for Shareholders' General Meetings and Separate Class Meetings

The Company may calculate the number of voting Shares represented by those shareholders from whom the Company has received, 20 days before the meeting, notices of intention to attend the meeting. The Company may convene a shareholders' general meeting where the number of voting Shares represented by those shareholders who intend to attend the meeting reaches more than one half of the Company's voting Shares; if that number is not reached, the Company shall within five days notify the shareholders again of the matters proposed to be considered at the meeting, the date and the place of the meeting by way of public announcement. After such public announcement, the Company may hold the shareholders' general meeting.

Please refer to the Section headed "Variation of Rights of Existing Shares or Classes of Shares" above for the requirements of convening of a shareholders' class meeting and the quorum.

Rights of the Minorities in Relation to Fraud or Oppression

In addition to obligations imposed by laws, administrative regulations or required by the stock exchange on which Shares of the Company are listed, a controlling shareholder shall not exercise his voting rights in respect of the following matters in a manner prejudicial to the interests of the shareholders generally or of some part of the shareholders of the Company:

- to release Director or Supervisor of his duty to act honestly in the best interests of the Company;

- to approve the expropriation by a Director or Supervisor (for his own benefit or for the benefit of another person), in any guise, of the Company's assets, including (without limitation) opportunities beneficial to the Company; or
- to approve the expropriation by a Director or Supervisor (for his own benefit or for the benefit of another person) of the individual rights of other shareholders, including (without limitation) rights to distributions and voting rights save pursuant to a restructuring in relation to the Company submitted to shareholders' general meeting for approval in accordance with the Articles of Association of the Company.

For these purposes, a "controlling shareholder" means a person who satisfies any one of the following conditions:

- he alone, or acting in concert with others, has the power to elect more than half of the Directors;
- he alone, or acting in concert with others, has the power to exercise or to control the exercise more than of 30% (including 30%) of the voting rights in the Company;
- he alone, or acting in concert with others, holds more than 30% (including 30%) of the issued and outstanding shares of the Company; or
- he alone, or acting in concert with others, in any other manner controls the Company in fact.

The phrase of "acting in concert " referred in the paragraphs above means the act or the fact that an investor collectively with other investors, through an agreement or other arrangements, extend the number of voting Shares they can control of a public Company.

See also the Section headed "Variation of Rights of Existing Shares or Classes of Shares" above.

Procedures on Liquidation

The Company shall be dissolved and liquidated in accordance with law upon the occurrence of any of the following events:

- the term of business of the Company has expired;
- a resolution for dissolution is passed by shareholders' general meeting;
- dissolution is necessary due to a merger or division of the Company;
- The business license is cancelled or it is ordered to close down or to be dissolved according to the laws; or
- Where our Company encounters significant difficulties in business and management, continuous survival may be significantly detrimental to the interests of the Shareholders, and the difficulties may not be overcome through other means, Shareholders who hold more than 10% of the Shares carrying voting rights may request the People's Court to dissolve our Company.

Where the Board decides to liquidate the Company (due to causes other than the declaration of insolvency), the Board shall, in its notice convening a shareholders' general meeting to consider the proposal to the effect, state that the Board has made full inquiry into the affairs of the Company and is of the opinion that the Company can pay its debts in full within 12 months after the commencement of the liquidation.

Upon the passing of the resolution by the shareholders' general meeting for the liquidation of the Company, all functions and powers of the Board of the Company shall cease.

The liquidation committee shall act in accordance with the instructions of the shareholders' general meeting to make a report at least once every year to the shareholders' general meeting on the committee's receipts and payments, the business of the Company and the progress of the liquidation and to present a final report to the shareholders' general meeting on completion of the liquidation.

Other Provisions Material to the Company and the Shareholders

General Provisions

The Company is a joint stock limited company in perpetual existence.

The Articles of Association constitute a legally binding document regulating the Company's organization and activities since the date it becomes effective, and the rights and obligations between the Company and each shareholder and among the shareholders interest.

The Company may invest in other limited liability or stock limited companies, and may assume a liability only to the extent limited by the amount of the capital contribution made into that company. Unless otherwise provided by law, the Company shall not become jointly liable for liabilities of the enterprise it invested in.

The Company may, based on its requirements for operation and development and in accordance with the relevant provisions of the Articles of Association, approve an increase in capital.

The Company may increase its capital in the following ways:

- offering new shares to non-specialty-designated investors for subscription;
- placing new shares to its existing shareholders;
- distributing new shares to its existing shareholders;
- transferring shares from the capital reserve; and
- any other way permitted by law and administrative regulations.

The Company's increase in capital by issuing new shares shall, after being approved in accordance with the provisions of the Articles of Association, be conducted in accordance with the procedures stipulated by relevant national laws and administrative regulations.

Unless otherwise provided by law or administrative regulation, shares in the Company are freely transferable in accordance with law and are not attached with any lien.

When the Company reduces its registered share capital, it must draw up a balance sheet and an inventory of assets. The Company shall notify creditors within ten days of the date of the Company's resolution for reduction of share capital and shall publish a notice in a newspaper at least three times within 30 days of the date of such resolution. A creditor has the right within 30 days of receiving the notice or, in the case of a creditor who does not receive the notice, within 45 days of the date of the first public notice, to demand the Company to repay its debts or provide a corresponding guarantee for such debt. The Company's registered capital after reduction shall not be less than the statutory minimum amount.

The ordinary shareholders of the Company shall assume the following obligations:

- to abide by laws, administrative regulations and the Articles of Association;
- to pay subscription funds according to the number of shares subscribed and the method of subscription;
- not to withdraw shares, unless in the circumstances set out by laws, administrative regulations and the Articles of Association;
- not to damage the interests of the Company or the interests of other shareholders by abuse of shareholders' rights; not to damage the interests of the Company's creditors by abuse of the status of the Company as an independent legal person or the limited liability of the shareholders; the shareholder of the Company shall be liable for the losses caused by their abuse of rights to the Company or other shareholders in accordance with law. The shareholders of the Company shall be

jointly liable for the Company's debts if, due to their abuse of the Company's independent legal person status and limited shareholder liability, serious damages were caused to the creditors of the Company; and

- to assume any other obligation required by laws, administrative regulations and the Articles of Associations.

Shareholders are not liable to make any further contribution to the share capital other than as agreed by the subscriber of the relevant shares on subscription.

Board

The Board is responsible to the shareholders' general meeting and exercises the following functions and powers:

1. to be responsible for convening shareholders' general meetings and to report on its work to the shareholders' general meeting;
2. to implement the resolutions of the shareholders' general meetings;
3. to decide on the Company's business plans and investment plans;
4. to formulate the Company's annual financial budget and final report;
5. to formulate the Company's profit distribution plan and loss recovery plan;
6. to formulate proposals for the increases or decrease of the Company's registered capital, for the issue of corporate debentures or other securities, and to formulate listing plans;
7. to formulate the plans for significant purchase and repurchase of the Company's shares;
8. to formulate plans for merger, division, change of form or dissolution of the Company;
9. to decide on the affairs in relation to investment, purchase or sale of assets, mortgaging assets, consignment of asset management, related party transactions and etc., but within the scope of authorization of the shareholders' general meeting set out in the Articles of Associations;
10. to decide on the establishment of the Company's internal management structure;
11. to appoint or remove the Company's manager and secretaries of the Board, to appoint or remove the Company's deputy managers, Chief Financial Officer, Chief Engineer and other senior executive officers based on the nomination provided by the Manager, and to decide on the matters of their remuneration and reward;
12. to formulate the proposal of standards of allowances for the independent Directors of the Company;
13. to formulate the Company's basic management system;
14. to formulate proposals for any amendment to the Articles of Association;
15. to formulate the stock option incentive plans of the Company;
16. to manage the affairs in relation to information disclosure of the Company;
17. to propose to the shareholders' general meetings the appointment or change of the accounting firm to conduct auditing of the Company;
18. to inspect and hear Managers reporting on their work;
19. to review and approve the external guarantees granted by the Company that are not required to be reviewed and approved by the shareholders' general meeting set out in the Articles of Associations;

20. other powers authorized by the Shareholders' general meeting and regulated by the laws, regulations, regulations of the relevant stock exchange or the Articles of Association.

The Board shall make the resolutions in respect of the matters above in accordance with the Section 10.25 of the Articles of Associations.

Meetings of the Board shall be held at least four times a year and convened by the chairman of the Board before the publication of the Company's quarter, interim, and annual financial reports. Notice of the meeting shall be served on all of the Directors ten working days before the date of the meeting.

Meetings of the Board shall be held only if more than half of the Directors (including the director who is appointed by the other director in writing as a proxy by the laws, regulations of the Shanghai Stock Exchange and the Article of Association) are present. Each Director shall have one vote. Where the numbers of votes cast for and against a resolution are equal, the chairman of the Board shall have an additional vote.

Supervisory Committee

The Company shall have a supervisory committee. The Directors, senior executive officers and the Chief Financial Officer shall not act as Supervisors. The supervisory committee shall be composed of seven Supervisors. The term of office of Supervisors shall be three years, renewable upon re-election and reappointment. The supervisory committee shall have one chairman. The election or removal of the chairman of the supervisory committee shall be made by the affirmative vote of more than two-thirds of the members of the supervisory committee. Resolutions of the supervisory committee shall be made by the affirmative vote of more than two-thirds of the members of the supervisory committee.

At least one-third of the Supervisors shall be the representatives of staff and workers of the Company. The representatives of shareholders as Supervisors and independent Supervisors shall be elected and replaced by shareholders' general meeting using cumulative voting; the representative of staff and workers of the Company as Supervisors shall be elected and replaced by the staff and workers of the Company democratically thereby.

The supervisory committee shall be accountable to the shareholders' general meeting and exercise the following functions and powers in accordance with law:

- to examine the Company's financial situation;
- to supervise the performance of the Directors and senior executive officers of their duties, and propose to remove the Directors, Supervisors and senior executive officers for violation of the applicable laws, regulations, the Articles of Association or the resolutions of the shareholders' general meeting;
- to demand rectification from a Director and a senior executive officer when the acts of such persons is harmful to the Company's interest, and to report it to the shareholders' general meeting or governing authorities at the national level when necessary;
- to verify the reports formulated by the Board from time to time and to submit comments in writing;
- to make proposals to the shareholders' general meeting
- to initiate proceedings against a Director or a senior executive officer in accordance with Clause 152 of the PRC Company Law;
- to attend meetings of the Board, and to make inquiries or suggestions on matters proposed in resolutions of the Board;
- to check financial reports, operating results and profit distribution scheme, as well as other financial data to be submitted by the Board at the shareholders' general meeting and where anything doubtful is discovered, can on behalf of our Company appoint certified accountants and professional auditors to assist in reviewing these documents; and

- to exercise other functions and powers specified in the Articles of Association.

Members of the supervisory committee shall be present at meetings of the Board. The Supervisors will monitor the affairs in relation to legality of the procedures in which the Board meetings were convened, absence of interested Directors from voting at relevant meetings, and on whether the content of Board resolution complies with law, the Articles of Associations and with the actual need of the Company and etc.

Manager of the Company

The Company shall have one Manager, who shall be appointed and dismissed by the Board. The Manager shall be accountable to the Board and exercise the following functions and powers:

- to be in charge of the Company's production, operation and management, to organize the implementation of the resolutions of the Board and to report to the Board of Directors on work;
- to organize the implementation of the Company's annual business plan and investment plan;
- to draft plans for the establishment of the internal organizational structure of the Company;
- to draft the Company's basic management system;
- to formulate basic rules and regulations for the Company;
- to propose the appointment or dismissal of the deputy Manager, Chief Financial Officer and Chief Engineer;
- to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board;
- to draft the plans for remuneration, fringe benefits and reward to the Company's staff and workers and to decide the appointment or dismissal of the Company's staff and workers;
- to propose an interim Board meeting to be convened; and
- to exercise other functions and powers conferred by the Articles of Association and the Board.

The Manager shall be present at meetings of the Board; the Manager shall have no voting rights at the meetings unless he is also a director.

Chairman of the Board

The chairman of the Board shall exercise the following functions and powers:

- to preside the shareholders' meeting, convene and preside the meetings of the Board;
- to supervise and inspect the implementation of the resolutions of the Board;
- to sign the Stock, debentures and other valuable securities the Company;
- to sign important documents of the Board and other documents which shall be signed by the legal representative of the Company;
- to exercise the power of legal representative;
- to exercise the special power of execution in relation to the affairs of the Company for the benefit of the Company according to law in the emergency circumstances of occurrence of extraordinarily serious natural disaster or other events of force majeure, and report to the Board and the shareholder's meeting afterwards; and
- to exercise other functions and powers authorized by the Board.

In case where the chairman of the Board cannot perform the powers abovementioned, the chairman of the Board may designate such functions and powers to the vice chairman of the Board; in case where the vice chairman cannot or will not perform the powers, a director should be elected by more than half of all of the Directors to perform the powers.

Secretary of the Board

The secretary of the Board shall be a natural person who has the requisite professional knowledge and experience, and shall be appointed by the Board. The scope of responsibilities for the secretary of the Board include:

- to organize and arrange the Board meetings and shareholders' general meeting, to prepare materials for the meetings and arrange affairs of the meeting; to be responsible for the minutes of the meetings, to ensure the correctness of the minutes and to keep the minutes and documents of the meeting; to keep positively informed about the execution of resolutions of the meetings; to report to and advise the Board on substantial issues raised during the execution; in the meantime, to ensure that the Company's documents and records are complete;
- to ensure that the significant matters to be decided by the Board meetings will strictly follow the relevant procedures; to attend and organize the consultation and analysis of the matters to be decided by the Board meetings in accordance with the requirements of the meetings and to provide corresponding advices and suggestions; to undertake the daily works of the Board and of other relevant committees upon authorization;
- acting as a liaison among the Company, domestic and overseas regulatory bodies, to ensure the lawful preparation and submission by the Company of reports and documents as required by relevant authorities, and to arrange relevant departments within the Company to complete matters in respect to securities regulation;
- to be responsible for the coordination and organization of information disclosure; to establish and improve relevant system for information disclosure; to attend all of the relevant meetings of the Company involving information disclosure and to be promptly informed about the Company's significant business decisions and the relevant information;
- to be responsible for the confidentiality of information sensitive to share price and to formulate a feasible confidentiality system and confidentiality measures; to adopt necessary measures to remedy any disclosure of the sensitive information to share price due to any reason, to make explanations and clarification immediately after such disclosure and give notice to domestic and overseas regulatory bodies;
- to be responsible for the coordination and organization of market promotion, to coordinate the reception of visitors, to manage the relationships with investors, to maintain connections with investors, intermediary bodies and news media, to be responsible for the coordination of answering public enquiries, to ensure that the investors can promptly obtain information disclosed by the Company; to organize and arrange promotion and publicity of the Company in overseas markets, to produce summary reports in respect of the market promotion, important visitors and other activities, and to organize the reporting of relevant affairs to domestic regulatory bodies;
- to be responsible for the management and maintenance of the register of shareholders, the register of Directors, the number of shares held by the majority shareholders, the materials recording the information of Directors' shares, and a list of holders of the Company's issued and outstanding debentures, and to ensure that persons who are entitled to obtain the relevant records and documents of the Company can timely obtain such records and documents;
- to assist Directors and Managers exercising their functions and powers to actually fulfill domestic and overseas laws and regulations, the Articles of Associations and other relevant rules; to be responsible to remind the Company after having known that the resolution made or expected to be made by the Company would breach relevant rules, and is entitled to report such breach as it is to the domestic and overseas regulatory bodies of securities;

- to coordinate the supply of information and materials necessary for exercising the functions of supervision to the Company's supervisory committee and other bodies, to properly assist the investigation on the performance of duties in good faith owed by the Company's Chief Finance Officer, Directors and Managers; and
- to exercise other functions and powers imposed by the Board of Directors or required by the domestic and overseas relevant laws and regulations and stock exchange on which the Company is listing.

Accounts and Audit

- Appointment of accounting firms

The Company shall appoint independent accounting firms that are qualified under the relevant regulations of the PRC to audit the Company's annual financial reports and review other financial reports of the Company.

The accounting firms appointed by the Company shall hold office from the conclusion of the annual general meeting of shareholders to the conclusion of the next annual meeting of shareholders.

If there is any vacancy in the position of the accounting firms, the Board may, before the convening of the shareholders' general meeting, appoint an accounting firm(s) to fill that casual vacancy. But while any such vacancy continues, the accounting firms that currently assume the office, if any, may act.

The shareholders' general meeting may, by ordinary resolution, remove any accounting firm before the expiration of its office, notwithstanding the stipulations in the contract between the Company and the firm, but without prejudice to the relevant firm's right to claim, if any, for damages in respect of such removal.

The remuneration of accounting firms or the manner in which such firm is to be remunerated shall be determined by the shareholders' general meeting. For the accounting firm that is appointed by the Board, its remuneration shall be determined by the Board.

- Change and removal of accounting firm

The Company's appointment of, removal of or non-reappointment of an accounting firm shall be determined by shareholders' general meetings and such decision shall be filed with the China securities regulatory authority.

Where it is proposed that any resolution be passed at a shareholders' general meeting concerning the appointment of an accounting firm, which is not an incumbent firm, to fill a casual vacancy in the office of the accounting firm, or reappointment of a retiring accounting firm which was appointed by the Board to fill a casual vacancy, or removal of the accounting firm before the expiration of its term of office, the following provisions shall be complied with:

- Before the notice of the shareholders' general meeting has been sent out, a copy of the proposal in relation to the appointment or removal shall be delivered to the firm proposed to be appointed or proposing to leave its post or the firm which has left its post within the relevant accounting year; leaving includes leaving by removal, resignation and retirement.
- If the firm leaving its post makes representations in writing and requests the Company to notify such representations to the shareholders, the Company shall adopt the following measures (unless the representations are received too late): (i) in any notice delivered for the purpose of making of the resolution, state the fact of the representations having been made by the firm leaving its post; and (ii) attach a copy of the representations to the notice and deliver it to the shareholders in the manner stipulated in the Articles of Association.
- If the accounting firm's representations were not sent in accordance with the preceding paragraph, the relevant firm may require that such representations be read out at the shareholders' general meeting and may lodge further complaints.

- An accounting firm which is leaving its post shall be entitled to attend the following meetings: (i) the shareholders' general meeting at which its term of office would otherwise have expired; (ii) any shareholders' general meeting at which it is proposed to fill the vacancy caused by its removal; and (iii) any shareholders' general meeting convened on its resignation. The accounting firm leaving its post is entitled to receive all notices of, and other communications relating to, any such meetings, and to speak at any such meeting in relation to matters concerning its role as the former accounting firm of the Company.
- Resignation of accounting firm

Where the Company removes or does not reappoint an accounting firm, it shall give prior notice 30 days before to the accounting firm and that accounting firm is entitled to make representations and comments to the shareholders' general meeting. Where the accounting firm resigns its post, it shall make clear to the shareholders' general meeting whether there has been any impropriety.

- Any accounting firm may resign its office by depositing at the Company's legal residence a resignation notice. That notice shall become effective on the date of such deposit or on such later date as may be stipulated in such notice. Such notice shall include the following representations:
 - (1) a statement to the effect that there are no circumstances connected with its resignation which it considers should be brought to the notice of the shareholders or creditors of the Company; or
 - (2) a statement of any such circumstances. The Company shall within 14 days after receiving of such notice send a copy of the notice to the relevant governing authority. If the notice contains a statement under subparagraph (2) of the preceding paragraph, a copy of such statement shall be placed at the Company for shareholders' inspection. The Company shall also send a copy of such statement by prepaid mail to every shareholder of the overseas-listed foreign-invested Shares at the address registered in the register of shareholders.

Where the accounting firm's notice of resignation contains a statement of any circumstances which should be brought to the notice of the shareholders or creditors of the Company, the accounting firm may require the Board to convene a shareholders' extraordinary general meeting for the purpose of giving an explanation of the circumstances connected with its resignation.

Dispute Resolution

Whenever any dispute or claim arise between holders of the overseas-listed foreign-invested Shares and the Company, or between such shareholders and the Company's Directors, Supervisors, Managers or other senior executive officers, or between such shareholders and shareholders of non-overseas-listed foreign-invested shares, based on the rights and obligations set out in the Articles of Association, PRC Company Law and other relevant laws and administrative regulations concerning the affairs of the Company, such disputes or claims shall be referred by the relevant parties to arbitration. Unless otherwise provided by laws or administrative regulations, the laws that apply to resolve the aforementioned disputes or claims shall be PRC laws.

Where the aforesaid dispute or claim is referred to arbitration, the entire claim or dispute shall be referred to arbitration, and all persons who have a cause of action based on the same facts or whose participation is necessary for the resolution of such dispute or claim, shall abide by the arbitration provided that such person is the Company or the Company's shareholder, Director, Supervisor, Manager or other senior executive officer. Disputes in relation to the identification of shareholders and disputes in relation to the share register need not be referred to arbitration.

A claimant may elect arbitration at either the China International Economic and Trade Arbitration Commission in accordance with its rules or the Hong Kong International Arbitration Centre in accordance with its Securities Arbitration Rules. Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant.

If a claimant elects arbitration at Hong Kong International Arbitration Centre, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Centre.

The award of an arbitration body shall be final and binding on all parties.